

FY 2007 State Grant Template Measures:

Lessons Learned From FY 2007

And

Recommendations for FY 2009 and Beyond

SECTION I: INTRODUCTION

Background:

In EPA's FY 2007 budget, the executive branch's Office of Management and Budget (OMB) instructed EPA to "...develop a standardized template for States to use in reporting results achieved under grant agreements with EPA. The template must include clear linkages to EPA's strategic plan and long term/annual goals; include consistent requirements for regular performance reporting; and allow for meaningful comparisons between various States' past and planned activities and performance." The template requirement was carried forward in EPA's FY08 and FY09 budgets.

For the FY07 template, EPA and the States, through the Environmental Council of the States' (ECOS) Planning Committee and the Partnership and Performance Workgroup, jointly identified a set of performance measures from EPA's Annual Commitment System (ACS) and PART reviews to be included as an attachment to FY07 workplans for 14 categorical grants or relevant Performance Partnership Grants. Following the end of FY08, EPA committed to enter and report results, including State contributions, for these measures in the ACS. Completed FY07 templates are placed in the State and regional grant files.

For the FY08 templates, EPA has continued the FY07 approach with a number of refinements to increase communication and coordination between EPA and the States and better capture State results under the grants. In FY09, EPA is providing additional clarity on which measures can be reported at the state level, and which can be expressed at the national or regional level only. This will make it clearer where regions and States need to provide state-level information and where they do not.

FY07 SGTMs Reporting Workgroup:

In January 2008, EPA created the FY07 SGTMs Reporting Workgroup comprised of representatives from ECOS, States, EPA program and regional offices, as well as EPA's Office of the Chief Financial Officer (OCFO) and Office of Grants Disbarment. The purposes of the group were to identify lessons learned in FY07, and to evaluate possible changes in EPA's approach to SGTMs for FY09 and beyond.

From January to May 2008, the workgroup met to discuss and clarify issues with both the FY07 measures as well as the process for implementing the template and obtaining specific FY07 SGTm results. This report is a summary of the issues identified by the workgroup and recommendations for how to address them.

What This Report Covers:

This report is divided into six sections:

- I. Introduction
- II. Background on FY07 State Grant Template Measures

- III. Lessons Learned and Recommendations on the Benefits and Limitations of FY07 SGTM
- IV. Lessons Learned and Recommendations on FY07 Process
- V. Lessons Learned and Recommendations for How SGTM Data Should be Evaluated
- VI. Conclusion

***NOTE:** Section V of the report, which will discuss lessons learned reviewing the actual FY07 results from ACS and caveats/narratives from the templates, is on a separate track and will not be completed until late August or early September. In addition, Section III of this draft may need to be updated with new information after actual FY07 results are reviewed.*

SECTION II: BACKGROUND ON STATE GRANT TEMPLATE MEASURES AND THE REPORTING PROCESS FOR FY07

For FY07, EPA's overarching goal for developing the performance measures template was to improve the ability of EPA and the States to demonstrate results from the Agency's categorical grants (applicable to relevant Performance Partnership Grants (PPGs)), and make progress in achieving environmental and program outcomes under State grant workplans more visible and transparent.

EPA's 14 Categorical Grant Programs:

The SGTM's apply to grants for program implementation (applicable to relevant PPGs). They do not apply to project grants for program development activities. For FY07, 60 of EPA's existing measures have been selected, covering 14 categorical grants. Below is a list of the categorical grants that require States to report using SGTM's in State grant workplans. A list of the 60 SGTM's and an example of a template are attached [Note: these attachments will be added later].

Categorical Grants Subject to the Performance Measures Template	
<i>National EPA Program Office</i>	<i>Grant Program</i>
Office of Air and Radiation	State and Local Assistance (CAA Section 105)
	Indoor Radon
Office of Enforcement And Compliance Assurance	Toxic Substances Compliance (Lead and PCB/Asbestos)
	Pesticides Enforcement
Office of Prevention, Pesticides and Toxic Substances	Lead
	Pesticides Program Implementation
Office of Solid Waste and Emergency Response	Hazardous Waste Financial Assistance
	Brownfields (CERCLA Section 128)
	Underground Storage Tanks
Office of Water	Pollution Control (CWA Section 106)

	Non-point Source Pollution Control (CWA Section 319)
	Beaches Protection
	Public Water System Supervision
	Underground Injection Control

SGTM Caveats:

EPA and the States have identified three special reporting situations related to State grant template measures. The following caveats are reported with State results, when applicable to a specific State:

- Caveat 1: Measures that reflect broad programmatic goals, and State results achieved may not solely be attributable to the activities funded by the grant.
- Caveat 2: Measures that are not applicable to a State grantee because, for example, it does not have the authorization or delegation to carry out a program.
- Caveat 3: Measures covering activities not funded by a grant, but currently reported by the State to meet other accountability requirements.

SECTION III: LESSONS LEARNED AND RECOMMENDATIONS ON THE FY07 MEASURES

In FY07, States and regions became familiar with the set of 60 SGTMs and have identified several problems with the current set of measures and their ability to characterize state results. Below are the lessons learned from examining the SGTMs selected for FY07:

Lesson Learned #1: Measures' Ability to Characterize State Results -- SGTMs results alone are not a complete picture of a State's performance under a grant program. Official "template results" may include additional information providing context on: (1) how the measures apply or do not apply to a particular State, as well as (2) what accomplishments outside of template results have been achieved by States with EPA grant funds. The latter would be part of a voluntarily supplied State narrative.

Recommendations for FY09 and beyond:

- Continue to promote the use of narrative context information and caveats to supplement state measure results: The current set of SGTMs does not fully reflect all the activities and work conducted by State agencies with EPA categorical grant funds, or the effectiveness of the work. If the measures are going to be used to assess State progress, there should be a way for a State to provide information on all the work that is conducted under the grant. One way to

begin to address this is to allow the States to provide additional context information and identify caveats for their measures. This was allowed in FY07 and the workgroup would like to re-emphasize the importance of continuing the practice and promoting it to the States.

- Include information on baselines, annual results, timeframes, data sources as well as caveats and narratives. In FY07 and beyond, the completed populated template should include some or all of the following depending on whether the measure is a national-only, region-only, or State measure:
 - National Baselines & Commitments
 - State Baselines, Annual State Results, and the Timeframe for Results
 - Source of Data
 - Caveats & Narrative Explaining Results
- Analyze SGTM results and context information on a yearly basis for its effectiveness in portraying State accomplishments under grant programs and in the environment. Every year, EPA should work with States to analyze what the State results tell us. EPA should also examine the information listed above for its effectiveness and limitations in assessing state contributions to the protection of human health and the environment. Consider revising the type of information collected to tell a more complete and accurate story on State progress.

Lesson Learned #2: Choosing Measures – In looking at the current set of measures, it is unclear whether the purpose of using SGTM's is to assess specific State results or show the linkages and contributions of the States' work to EPA results. This should be clarified. Further, if the Agency continues to use performance measures as part of its assessment of State results under grant programs, the current set of SGTM's can be improved.

Recommendations:

- Clarify goal for using SGTM's. Clarify for all participants whether the goal in using SGTM's is to assess specific State results and/or show the linkages and contributions of the States' work to EPA results.
- Consider revising measures on an annual basis to improve connection with the goal. Every year, EPA should work with States to examine State grant measures to assess their effectiveness and limitations in meeting the goal of using SGTM's (see above). Consider revising measures or choosing different measures to improve connection with the goal.

Lesson Learned #3: SGTM's Without State Results -- Some State Grant Measures are also PART performance measures with results being reported on a national or regional basis. As a result, some States may not be aware of how the results are calculated. These

States have expressed concern that their individual State grant performance may not be accurately reflected in the template.

When the FY07 SGTMs were selected, some of the NPMs included measures where the environmental results are reported only at the national or regional level and do not readily reflect State-specific results. The Office of Air and Radiation in particular has several SGTMs measures that are also Agency Program Assessment Tool (PART) measures. OAR has set national targets for these measures with Regions eventually expected to report specific progress. While regions may ask that State and local agencies provide them with information on these measures, State-specific results for these template measures are not required to be reported in the FY07 template or ACS. In these cases the State results contribute to the national totals but the underlying air quality data or program performance information is reported into other EPA information systems.

In FY07, some States and regions found this confusing. The format of OCFO's template made it seem as though States were to report results on all the measures contained in the template. In addition, the workgroup agreed that if these types of measures were to be used to show State progress, the way the national total was calculated should be explained and made transparent (OAR did this for FY07 and continues to do it as part of its NPM guidance to the Regions).

Recommendations:

Keep national and regional measures in the Template and consider the following:

- Clearly identify in the templates whether a measure is nationally, regionally, or State reported. Make sure the templates clearly identify which measures are nationally reported only, regionally reported only, and State reported. This information should be pre-populated by the NPMs before the templates are provided to Regions and States. This is required in OCFO's FY09 SGTm guidance.
- For nationally and regionally reported measures, explain to the States the methodology used to aggregate State results. NPMs should document and communicate to States what methodology is used to aggregate State results into a regional or national measure result.
- Report on the limitations of EPA's current national-level measures in expressing state results. Report on the limitations of our current national-level measures in expressing State-by-State performance, particularly in terms of environmental progress on an annual grant basis. Attach this information to the template or provide a link to it.
- Consider attaching a logic-model to show relationship between State activities and nationally and/or regionally reported results. Consider attaching a logic model to the template to show the relationship of inputs, activities, outputs, to

higher order national-level and regional-level outcomes for the grant. This could be used as a pilot approach to strengthening state grant workplans.

- Work with stakeholders to determine if measures can be identified or developed that are more representative of State work under a grant programs. Work with stakeholders (States and OMB) in all programs and particularly in the air program, to determine if better short-term environmental performance measures can be used, or need to be developed, which can be tied to the periods of performance characteristic of categorical grants. Data lags are a significant challenge that will not likely be overcome without major advances in the timeliness of the process used to capture, submit, analyze, consult on, and quality assure, results data.
- Consider eliminating national and regional-level SGTMS. Over the longer-term, consider eliminating nationally and regionally-reported SGTMS in favor of a discussion of how State results support national results/targets. Format of this discussion may be standardized as part of annual grant performance reporting after the close of the grant performance period (in lieu of a template).

Lesson Learned #4: Measure Methodology -- Some NPMs have changed methodologies for reporting results since the FY05 baseline. As a result, the FY07 data is not comparable to the FY05 baseline. In addition, States would like to know more about the methodologies used to calculate results in all measures.

Recommendations:

- Do not change State-reported measure methodologies without communicating with the States. Further, before changes are made, there should be an assessment of the impact on the availability and credibility of longitudinal data. Methodologies for State-reported measures should not be changed unilaterally by the EPA program offices.
- Track changes in methodologies over time and document them in the grant files. Information on changes in measure methodologies should be documented and attached to the grant file and published in the annual State Grant Template Measures Appendix on the EPA website. The information should also be provided in the NPM guidance documents and communicated to regions and states.
- Prepare a comprehensive data dictionary for all involved in SGTMS. A comprehensive data dictionary would be very helpful in implementing the templates. The following measure definitions should be added to the template so all parties have a clear understanding of measure methodologies:
 - Purpose/importance (of the measure)
 - Source/Collection of data (what system/how collected)

- Method of calculation
- For national-only and regional-only measures, the methodology used to aggregate or roll up State results into measure results
- Data limitations
- Calculations type (cumulative or non-cumulative)
- New measure (yes/no)
- Desired performance (if measure should be above, below or on target to be "met")
- Whether measure serves other purposes such as for external EPA planning and budget documents (e.g., GPRA, PART) or internal EPA discussions of progress (e.g., Regional priority measures).

Lesson Learned #5: Measure Language Changes -- Some NPMs changed FY07 measure language after the FY07 SGTMs were agreed to in grant agreements. This may be due to the fact that NPMs use SGTMs for other purposes and may have changed measure language during other Agency planning and budgeting processes. Although the FY07 language changes were very minor and did not change what the States were to report on, this caused confusion for States and regions as to which measure language States should report on.

Recommendations:

- Do not change language after final NPM guidance is issued. Follow existing Agency planning and management processes for measure language changes - i.e. do not change the measure language in ACS once the final NPM Guidance SGTM Appendix has been issued and the SGTMs have been negotiated between the regions and the States.
- If language change has to occur, communicate change to regions and States so that ACS and grant files can be updated. If an NPM is asked by OMB to change measure language after the final NPM Guidance SGTM Appendices have been issued (e.g., PART measures), EPA should negotiate the change in the next fiscal year. If that is not possible, the NPM must communicate changes to the regions and States and make sure the language changes are entered into ACS and included in the State grant measures templates in the grant work file. (Note: States can only be held accountable to the language negotiated and agreed to in the State grant measures template.)

SECTION IV: LESSONS LEARNED AND RECOMMENDATIONS ON THE FY07 PROCESS

For FY07, the regions and NPMs provided the templates with SGTMs to the State grant recipients for inclusion in FY07 grant workplans. The templates were attached to State grant workplans and included in the regional and State grant work files. Since that time, OCFO and the FY07 SGTM Reporting Workgroup have been working to clarify roles and responsibilities for populating the templates with end-of-year results, entering end-of-year data into the ACS, and allowing the States time to verify their final data. This section covers issues that have been raised related to this process and workgroup recommendations for how to address them.

Lesson Learned #1: Dates for Populating the Paper Template and Entering the Data into ACS -- It is unclear how and when FY07 SGTM results, caveats, and narrative information will be entered into the Templates and ACS.

Recommendations:

General:

- Develop a PowerPoint presentation to help in communicating SGTM process to managers and staff. To help with general implementation across EPA, a clear and easy to understand PowerPoint presentation should be developed for managers to use in briefing and training their staff and other managers on the purpose, importance of, and process for carrying out the whole SGTM process.

Template and ACS:

- Clarify time tracks for reporting SGTM results for each measure and communicate to regions and States. Need to clarify time frames for reporting state grant results in ACS database and populating paper templates (including caveats and additional State comments). Each measure, depending on the grant to which it belongs and whether it is tied to a specific regulatory information system reporting requirement, will have its own reporting cycle. The EPA program offices should determine the specific time frames for reporting results for each of the measures associated with their grants, and communicate the time frames to regions and States.
- For nationally and regionally-reported data, clarify roles and responsibilities for populating ACS and the state template. For measures that require national or regional data, SGTM guidance should clarify what data are entered by NPMs and what data are entered by Regions as well as how the national & regional data will be transmitted back to the regions and states to be placed in the templates.
- Create an electronic SGTM template to streamline data entry. To reduce the current workload involved in implementing a paper template, create an electronic State Grant Template to avoid manual data entry. This will simplify the

process of distributing and editing of the template. [NOTE: OCFO is developing draft FY07 ORBIT reports that can be used for this in FY08 and FY09].

Caveats:

- Build time into the schedule for regions & States to discuss and apply caveats before the start of the fiscal year. Need to build time into the schedule for region and State discussion of caveat application, and State review of caveats once applied consistent with EPA SGTMs guidance. To the degree possible, standard caveats for each performance measure should be determined before grant activities begin. This could simplify the data entry and verification process. For measure caveats that will not change from year to year, less time should be needed for these discussions.
- Allow caveat information to be entered into the templates and EPA's ACS at the beginning of the fiscal year. Caveats linked to any SGTMs should be entered in the State comment field in ACS database as well as included in the template in the grant file. ACS should be modified so that regions can enter this information at the beginning of the fiscal year (before final results are entered).
- Nationally and regionally reported measure caveats should be determined by EPA NPMs and regions. NPMs should determine caveats for HQ-only measures, the Regions should determine caveats for the region-only measures, and the regions and States should work together to determine the caveats for the State-reported measures.

Narrative State Grant Information:

- Develop and formalize a process for gathering State narrative information electronically. Formalize procedures for gathering State narratives with State grant measure results. Collect narrative information electronically in ACS to facilitate assessment.

Lesson Learned #2: State Data Verification Process for All Results -- It is unclear how the SGTMs data, caveats and narratives will be verified by the States prior to any reporting or analysis of results. Currently ACS holds SGTMs results, and the templates hold the caveats and narratives. Once pulled together in a report, the States will need 4 weeks to QA/QC all their information.

Recommendations:

Verifying Measure Results Data in ACS

- Develop State ORBIT reports after results are entered into ACS. After most of the FY07 data have come in from the States and are entered in ACS, EPA should

create ORBIT reports of the measure results, caveats and narratives and share them with the States. To increase transparency with the States, allow State review of these reports on a regular basis. (Note: OCFO is developing ORBIT reports for NPMs/Regions/States to be able to assess the FY07 results – and contribute toward completing Section V of this report.)

- Allow four weeks for State verification of data in ORBIT reports. Once State results have been compiled by EPA in State-specific ORBIT reports, allow four weeks for States to verify their end-of-year data presented in the report. This is meant to provide the States with a chance to review all their data for SGTMs in one place before any analyses are conducted and reports developed. This four week period conforms with the Agency's FY08 SGTM guidance.
- Bundle measures by grant for State review. Bundle as many measures as possible (by grant) in reports provided to States for review of measure results. Try to limit the number of QA/QC reviews.
- Provide States opportunity to review any State data that contributed to national or regional results. For nationally and regionally-reported measures, NPMs and regions should ensure that States understand how the national/regional totals are developed and whether State data contributed to the results. If so, provide them with an opportunity to review their contribution and the regional/national result. Regions should provide the information on regional measures and the NPMS should provide the information on the national measures.
- Simplify verification for SGTMs that have previously established QA/QC procedures. Determine which SGTMs rely on data from national databases with established QA/QC procedures. This could simplify the QA/QC procedures for those SGTMs and limit QA/QC to checking for correct data entry in the ACS and verifying caveat/supplemental information.
- Ensure all appropriate staff are trained in how to enter data into ACS and design and print out ORBIT reports. Ensure all EPA staff who need access to the ACS have it (especially regional staff who need to QA/QC the SGTM data and are familiar with the data). Provide "read-only" access for HQ to be able to see Regional and State data in ACS, and for the Regions to be able to see national data. In addition, make sure all HQ and regional staff are trained in how to design and print out relevant reports in ORBIT.

Verifying Caveats and Narrative Information in Templates

- Design an efficient, electronic method for States to verify caveat and narrative information along with measure results. After FY07 SGTM results are assessed, look for a best program practice for EPA and state verification of draft and finished data/caveat/narrative information.

End of Sections I-IV

SECTION V: LESSONS LEARNED AND RECOMMENDATIONS FOR HOW SGTM DATA SHOULD BE EVALUATED

- What story do the FY07 measures data tell?
- What story do the caveats tell?
- What story does the voluntary State narrative information tell?
- Which measures work well and which do not?
- Examples of best practices (NPM, Regions, States) – i.e., measures that work in telling the story.

***NOTE:** This section is to be developed after the workgroup reviews FY07 results, including caveats and voluntary State narratives.*

SECTION VI: CONCLUSION

***NOTE:** This section will be completed after Section V is developed.*

What We Have Accomplished To Date:

- Clarified roles and responsibilities in carrying out the template for FY07-FY09.
- Proposed moving the template process from paper to electronic using OCFO's draft ORBIT reports.
- Adopted some of this report's recommendations in OCFO/OGD's FY08 and FY09 SGTM guidance.
- Increased NPM involvement in the SGTM process—e.g., reaching out to States and regions and providing needed information.
- Improved communication between ECOS and EPA on SGTM's process.

Next Steps for Improving the SGTM Process in FY09 and Beyond:

- Conduct a fuller assessment of results in FY07, FY08 and FY09.
- Examine measures on a yearly basis to see if improvements can be made.
- Continue to make improvements to the ACS so it can become a "one stop shop" for SGTM information that contains State results, caveats, and narratives in one place.
- With State, regional and NPM input, design external report of annual SGTM results for possible posting on EPA's public website.